



state senator  
**Robert L. Meeks**

2006 LEGISLATIVE UPDATE

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serving district 13

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# Payment Delays - Legislation Will Pay Owed Funds

## INDIANA SCHOOLS AND UNIVERSITIES TO RECEIVE MILLIONS

During the state fiscal years 2001 and 2002, the state delayed one payment to local governments units, higher education institutions and local K-12 schools as part of an effort to reduce the state's budget deficit. In the 2001-03 state budget, one of the six annual Property Tax Replacement Credits (PTRC) and Homestead Credit (HSC) payments to local government units was delayed from May to July. This means that there are only two payments from January to June and four payments from July to December.

In response to this issue, I authored Senate Enrolled Act 345, to reverse a portion of the payment delays to local units of government and public universities statewide. Under SEA 345, \$136.5 million will be appropriated to local governmental units through an early distribution in May, beginning in 2007.

State higher education institutions did not receive one of their payments in 2002, and because they are on the same fiscal year as the state, were the only group who missed a payment during the year.

Under SEA 345, \$40 million is appropriated for general repair and rehabilitation at Indiana's seven state-funded universities in order to make up a portion of the missed payment.

Indiana's K-12 schools, like local governmental units, received one of their payments later in the calendar year. The current two-year budget, Public Law 246-2005, which I also authored, requires the State Budget Agency to repay up to half of these payment delays during the 2006-2007 biennium, if sufficient funds are available.

On February 1, the state repaid 50 percent, or around \$156 million, of the payment delay to K-12 schools from tax amnesty revenues. This leaves an additional \$394 million that must still be repaid altogether.

The state delayed payments to local governmental units and state higher education institutions, and it's time we start repaying our debts. Counties and schools statewide rely on these funds to maintain buildings and create new programs.

## EMINENT DOMAIN LAW WILL PROTECT HOOSIER HOMEOWNERS

Last summer, the U.S. Supreme Court issued a ruling that threatens the right to own property. In *Kelo v. City of New London*, the court said that government may "take" private property for economic development. In other words, as then-Justice Sandra Day O'Connor wrote, "Nothing is to prevent the state from replacing any Motel 6 with a Ritz-Carlton, any home with a shopping mall, or any farm with a factory."

The Supreme Court, however, left a loophole, saying legislatures may further restrict the use of eminent domain. This year, the General Assembly did exactly that.

Last summer, Indiana created an Eminent Domain Study Committee to look at Indiana's property rights laws to see how they could be improved. Many of their conclusions are now in the form of House Enrolled Act 1010.

Perhaps most importantly, the new law requires the reason for using eminent domain be something that benefits the public. Thus, eminent domain can be used for a legitimate government purpose-but not to increase a local government's tax base.

The new law does several other things, including placing time restrictions on eminent domain so that property owners are not left in limbo for years at a time; requiring just compensation for Hoosier property owners; and mandating good-faith negotiations between the condemner and the property owner.

When used appropriately, eminent domain is a tool that can help provide anything from roads to parks to schools for public use. HEA 1010 ensures that this tool is not abused at the expense of Hoosiers' right to own private property.

# FACTS & FIGURES

## FROM THE 2006 LEGISLATIVE SESSION

The Second Regular Session of the 114th General Assembly began on Organization Day, November 22, 2005, and adjourned March 14, 2006.

Senate bills introduced: 394  
Senate joint resolutions introduced: 14

Senate bills passed: 107  
Senate joint resolutions passed: 1

House bills introduced: 443  
House joint resolutions introduced: 4

House bills passed: 86  
House joint resolutions passed: 0

Percent of introduced bills that were sent to the governor: 23%

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## BREAKDOWN OF DELAYED PAYMENTS AMONG STATE UNIVERSITIES

Indiana University	\$15,667,060
Purdue University	\$10,795,022
Ivy Tech Community College of Indiana	\$4,645,476
Ball State University	\$4,077,062
Indiana State University	\$2,399,680
University of Southern Indiana	\$1,225,670
Vincennes University	\$1,190,030
<b>Total</b>	<b>\$40,000,000</b>





Senator Meeks speaks on a bill.

## Homeowners Should See Property Tax Relief

As estimates for property tax increases this year came rolling in at the end of 2005, members of the General Assembly thought property taxpayers could use a break from expected increases. HEA 1001 provides that relief by dedicating \$100 million to subsidize property tax bills.

This could mean that homeowners will see no increase from their 2005 tax bills. Early estimates suggested hikes as high as 12 percent, but most experts thought increases would be around 5 percent. HEA 1001 will keep any increases reasonable, and may flatline many bills.

In addition to providing immediate property tax relief, HEA 1001 sets the stage for a long-term solution to high property tax bills. By 2010, property taxes must be capped at 2 percent of assessed value. In order to replace revenue that could be lost as a result of this move, the General Assembly in will have to find a permanent way to replace property tax revenue.

HEA 1001 is also a pro-business law, phasing in a single sales factor tax by 2011. With a single sales factor, businesses will no longer be penalized for owning property or having large payrolls in Indiana.

The out-of-state utility services tax will help Indiana utility companies compete with others by subjecting out-of-state utility companies to the same taxes as Indiana companies face.

HEA 1001 is a positive move for Hoosier taxpayers and Hoosier businesses.

**SEA 75** — This legislation establishes a military relief fund for Indiana National Guard members and Indiana armed forces reservists called into active duty after September 11, 2001. It is modeled after a similar program enacted in Illinois in 2003. **PASSED. My vote: YES**

# Major Moves: The Jobs Bill of a Generation

## INDIANA TO RECEIVE \$3.8 BILLION FOR TOLL ROAD LEASE

For years, Indiana has habitually approved almost any road project that is requested with a promise that it will get done "eventually." This resulted in \$2.8 billion of unfunded road projects across the state. With the passage of Major Moves, House Enrolled Act 1008, the General Assembly ensured the state's 10-year road plan will be funded, the Interstate 69 extension will get started, future generations will have money for roads and thousands of jobs will be created across the state.

The crux of the plan — leasing the Indiana Toll Road to private investors — drew attention, praise and criticism in the 10-week legislative session, but in the end, I believe the benefits of the deal outweighed any negatives that were mentioned.

The lease that was ratified through HEA 1008 was a \$3.8 billion agreement between the state and Statewide Mobility Partners (SMP), a Spanish-Australian consortium that operates toll roads all over the world. Supported by business leaders and unions alike, the lease, which will result in an upfront \$3.8 billion cash payment to the state, and the interest it accrues will pay for the state's road projects, creating — according to some estimates — more than 130,000 jobs. An additional \$150 million will also be distributed to all counties for local road projects.

In exchange for the up-front payment, SMP will operate and collect tolls from the Indiana Toll Road for 75 years. The consortium has also agreed to make improvements to the road — up to \$4.4 billion — and fund 25 additional State Troopers and build a new state police post along the Toll Road. The lease agreement and HEA 1008 dictate that

SMP must meet federal standards on items such as traffic flow and snow removal. Indiana also listed its own requirements for maintenance issues such as filling pot holes, removing dead animals, and taking care of other hazards.

In addition to the toll road portion of the law, HEA 1008 also addresses another major road: Interstate 69. The previous timeline for extending I-69 from Indianapolis to Evansville, set by previous administrations, had construction beginning in 2017. That is simply unworkable. Under HEA 1008, work on the long-awaited interstate could start as soon as 2008 and be completed by 2018. Under the plan, the governor could enter into a Public-Private Partnership (P3) to help build I-69 from Evansville to Martinsville as a toll road. However, tolls from Martinsville to Indianapolis must be approved by the legislature. Additionally, if the administration wants the north end of the road to remain in Perry Township in Indianapolis, the General Assembly must also give approval.

Another important part of the deal is a \$500 million Next Generation Trust Fund. Every five years, the state will take the interest the trust fund accrues and use it for road construction. The initial \$500 million, however, will be protected and not spent.

As Governor Mitch Daniels has said, a top-tier economy requires a top-tier infrastructure. Indiana is striving to have an economy that is the envy of the nation, but we can't do so without a road system that also draws envy. Major Moves completes those goals, and I am proud to say I supported it.

**SEA 145** — This bill was created to prevent repeat offenses of drunk driving. It allows the seizure of a person's vehicle if they had at least two prior convictions of driving while intoxicated and commit a violation of the law while driving. **PASSED. My vote: YES**

**SEA 111** — The bill makes several provisions regarding students' health and nutrition, including the establishment of a student health advisory council, nutritional requirements for foods and beverages, and daily physical activity for students. **PASSED. My vote: NO**

## Senate Approves ISTEP Study Committee

Indiana residents remain concerned about the quality of education our state's children receive. For many, one of the chief concerns is the Indiana Statewide Testing for Educational Progress (ISTEP).

Since the 1996-1997 school year, ISTEP has been administered in the fall, but the test was actually designed as a spring assessment to measure what students had learned during that year. Statewide surveys indicate strong support for spring testing, but some educators and parents are concerned about a change in the testing cycle.

Controversy around ISTEP centers on the timing, cost and effectiveness of the test. House Enrolled Act 1240 in its original form moved ISTEP to the spring and called on the Department of Education (DOE) to analyze the current testing program and develop a long-term assessment plan. Members of the Senate Education and Career Development Committee heard testimony on the bill and amended it to require a long-term plan that considers the timing, as well as alternative, diagnostic and on-line testing methods. The new law includes no mandate for spring testing, but the state Board of Education has the authority and could choose to move the test.

In its plan, the DOE must outline a transition to a testing program that reflects student proficiency of the state's academic standards in a



Senator Meeks greets House Chairman Jeff Espich before speaking to the news media about Major Moves. Sen. Meeks and Rep. Espich are the legislature's chief budget negotiators.

manner that is less time consuming and less expensive than current testing methods, while still maintaining the current level of rigor of the ISTEP test. Any alternative testing method must provide prompt results to students, parent and teachers, while measuring individual student growth from school year to school year. The exam must also be compatible with the transition to on-line testing.

It is critically important that Indiana move to a testing system that is less expensive and more useful for accountability and remediation. It is my hope that a Department of Education will give the State Board of Education and General Assembly effective feedback that will assist us in determining the best avenue to pursue regarding ISTEP testing.

## Telecom Bill Could Save Money for Hoosiers

While much of the discussion in this year's session centered on physical infrastructure like roads and bridges, the General Assembly made a historic change in its unseen infrastructure. Through reforms made in House Enrolled Act 1279, Indiana will see lower cable prices, increased competition and a wave of investment in the state.

Experts have called HEA 1279 the most aggressive telecommunications reform in the nation and say it will likely be a model that other states are sure to follow. The bill includes several provisions designed to give Hoosiers access to the best technology at a reasonable price. It contains two major provisions:

**Statewide Video Franchising** - Following the model used in Texas, HEA 1279 creates a streamlined process through which video providers (such as cable companies) can enter a market and compete for customers. Known

as statewide video franchising, this process will result in more video competition and lower prices for consumers. Since September, when Texas statewide franchising went into effect, more 120 franchises have been granted to competing companies.

HEA 1279 will eliminate the current virtual monopoly of cable providers and give most Hoosiers a choice in video service. In February, Ball State University's Digital Policy Institute released a study saying Hoosiers could save a total of \$262 million on their cable bills annually as a result of new choices.

**Telephone deregulation** - A recent survey of CEOs in Site Selection Magazine showed that access to high-speed communications is the most important factor in drawing new business development to a particular state. HEA 1279 encourages telephone companies

to deploy more high-speed Internet, called broadband, by gradually deregulating basic phone services if broadband is made available. Companies must be able to offer high speed Internet to 50 percent of households in any given exchange before they can raise rates in that exchange. Monthly basic rates may increase by only \$1 per year until 2009.

The new law also contains protection for low-income Hoosiers. HEA 1279 establishes the Indiana "Life Line" program that provides discounted telephone rates to Hoosiers below 150 percent of the federal poverty level. This is a supplement to the federal program, which aids consumers with a household income below 135 percent of the federal poverty level. Consumers will also be protected through a ban on "local measured service," which is the practice of charging for local phone calls by the minute.

This legislation was a rare opportunity to create jobs while lowering prices and improving customer satisfaction. Independent think-tank FreedomWorks has said HEA 1279 will create 20,000 new jobs and \$7 billion in investment in Indiana. And that is an opportunity that can't be passed up.



Senator Meeks studies a bill on the Senate floor during debate.